

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 2138

C O N F I D E N T I A L BUENOS AIRES 5204

E. O. 11652: GDS

TAGS: ETRD, EINV, AR, US

SUBJECT: TRADE ACT OF 1974--COUNTRY ELIGIBILITY FOR GENERALIZED
PREFERENCES (GSP)

REF: A. STATE 168984 AND B. BUENOS AIRES 1822

1. FOLLOWING IS REVIEW OF DEVELOPMENTS IN CASES OF SWIFT-DELTEC.
CHASE MANHATTAN BANK, EXXON, AND ITT STARTING FROM LAST REVIEW
(SEE REF B SUBMITTED MARCH 14, 1975). THESE REMAIN ONLY CASES TO
EMBASSY'S KNOWLEDGE WHICH MIGHT, RPT MIGHT, AFFECT ARGENTINA'S
ELIGIBILITY FOR GSP UNDER SECTIONS 502(B)(4) AND (6) OF TRADE ACT.

2. SWIFT-DELTEC--SEE BA 4282, JUNE 25; BA-4236, JUNE 24; AND
BA 2349, APRIL 4. UNFORTUNATELY, THERE HAS BEEN LITTLE SUBSTAN-
TIVE FORWARD MOVEMENT IN LAST MONTH, WHICH HAS BEEN A MONTH OF
POLITICAL AND ECONOMIC CRISIS FOR ARGENTINA. MINISTER OF JUST-
ICE BENITEZ, ON WHOM DELTEC HOPES PINNED, STILL IN GOVERNMENT AS
MINISTER OF INTERIOR. IF ANYTHING, HIS PRESTIGE AND INFLUENCE
HAVE INCREASED RECENTLY. SHOULD PERONIST GOVERNMENT REMAIN IN
POWER, AND ONCE DUST HAS SETTLED, BENITEZ COULD BE VERY HELPFUL
IN RESOLVING CASE. ARANDA INFORMS BENITEZ HAS RECENTLY INDICATED
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HIS WILLINGNESS TO CONTINUE TO BE HELPFUL IN REACHING A SOLU-

TION BUT WANTS TO WORK THROUGH NEW MINISTER OF JUSTICE, CORVALAN NANCLARES. BENITEZ HAS URGED DELTEC REP TO SEEK APPOINTMENT AT EARLIEST OPPORTUNITY WITH CORVALAN.

3. CHASE MANHATTAN BANK--THERE HAS BEEN NO FORWARD MOVEMENT ON THIS PROBLEM RECENTLY. GOA CONGRESS, ACCORDING JULY 31 PRESS, HAS EXTENDED TIME LIMIT BY 360 DAYS FOR EXECUTIVE TO CARRY OUT BANK EXPROPRIATIONS. CHASE'S APPLICATION FOR INVESTMENT BANK CHARTER STILL PENDING.

4. EXXON--SEE BA 3157, MAY 7; BA 2691, APRIL 18; AND BA 2312. APRIL 3. SIXTY-DAY DEADLINE BY ENERGY SECRETARIAT TO YPF TO WORK OUT SETTLEMENT HAS PASSED WITH NO RESOLUTION OF THIS CASE. CONGRESSIONAL BILL TO NATIONALIZE PETROLEUM INDUSTRY WITH CONFISCATORY COMPENSATION APPEARS TO HAVE FIZZLED. INCREASED LABOR UNION INFLUENCE IN GOA ECONOMIC POLICYMAKING RESULTING FROM PRESENT POLITICAL CRISIS, HOWEVER, DOES NOT AUGER WELL FOR AN ACCEPTABLE SETTLEMENT. PERMANENCE OF SECRETARY OF ENERGY REVESTIDO IN HIS POSITION GIVES SEARCH FOR SOLUTION SOME CONTINUITY.

5. ITT--SEE BA 4424, JULY 1; BA 4317, JUNE 26; BA 4177, UNE 19; EMBASSY MEMCONS DATED MAY 14 AND APRIL 29; BA 2348, APRIL 4. CONTINUING POLITICAL CRISIS MAKES IT INADVISABLE FOR EMBASSY TO APPROACH GOA ON THIS SUBJECT YET. HOWEVER, GUILFOYLE AND SILVER DID HAVE MEETING WITH FORMER MINECON, RODRIGO, AND SECRETARY OF COMMUNICATIONS, GENERAL DELLA CROCE (WHO IS STILL IN OFFICE), ON JUNE 16. ITT EXECS PROPOSED THAT GOA TAKE 60 PERCENT EQUITY POSITION IN STANDARD ELECTRIC AND PAYMENT IN DOLLAR BONDS OR OTHER NEGOTIABLE NOTES. NO REPLY HAS BEEN GIVEN TO PROPOSAL TO DATE.

6. COMMENT: LITTLE PROGRESS HAS BEEN MADE ON THESE CASES SINCE REF B LARGELY DUE TO THE CONTINUING ECONOMIC AND POLITICAL CRISES. THE INCREASED EXPECTATIONS FOR SETTLEMENTS HELD OUT BY ECONMIN RODRIGO ON HIS APPOINTMENT DIMINISHED WITH HIS RESIGNATION. GIVEN THE POLITICAL CONNOTATIONS OF THE CASES, IT WOULD BE UNREALISTIC TO EXPECT SUBSTANTIVE PROGRESS UNTIL THE CURRENT POLITICAL CRISIS IS RESOLVED.
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